

EXHIBIT 1

INTRODUCTION

Respondent International Brotherhood of Electrical Workers Committee on Political Education, Sponsored by International Brotherhood of Electrical Workers (“International Brotherhood of Electrical Workers” or “IBEW”), is a state general purpose committee. Respondent Edwin D. Hill was, at all times pertinent to this matter, the treasurer of Respondent Committee.

Under the authority of the Political Reform Act (the “Act”),¹ the Franchise Tax Board (the “FTB”) audited Respondent Committee’s activities during the periods January 1, 1997 through December 31, 1998 and January 1, 1999 through December 31, 2000. During these audit periods, Respondent Committee received contributions totaling \$754,099 and made expenditures totaling \$1,007,870. The FTB audits revealed that Respondent Committee had not filed five campaign statements and twenty-six (26) late contribution reports, disclosing the contribution and expenditure activities of Respondent Committee during these audit periods.

For the purposes of this stipulation, Respondents’ violations of the Act are stated as follows:

- COUNT 1: Respondents International Brotherhood of Electrical Workers and Edwin Hill failed to file a second pre-election campaign statement for the reporting period March 18, 1998 through May 16, 1998, by the May 21, 1998 due date, in violation of section 84200.7, subdivision (a)(2).
- COUNT 2: Respondents International Brotherhood of Electrical Workers and Edwin Hill failed to disclose a \$10,000 late contribution to the Gray Davis for Governor committee in a properly filed late contribution report, by the May 20, 1998 due date, in violation of section 84203.
- COUNT 3: Respondents International Brotherhood of Electrical Workers and Edwin Hill failed to disclose a \$5,000 late contribution to the Assembly Victory Fund ’98 committee in a properly filed late contribution report, by the May 28, 1998 due date, in violation of section 84203.

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

- COUNT 4: Respondents International Brotherhood of Electrical Workers and Edwin Hill failed to disclose a \$1,000 late contribution to the Delaine Eastin Committee in a properly filed late contribution report, by the May 28, 1998 due date, in violation of section 84203.
- COUNT 5: Respondents International Brotherhood of Electrical Workers and Edwin Hill failed to disclose a \$1,000 late contribution to the Californians for Gray Davis committee in a properly filed late contribution report, by the May 28, 1998 due date, in violation of section 84203.
- COUNT 6: Respondents International Brotherhood of Electrical Workers and Edwin Hill failed to disclose a \$3,000 late contribution to the Friends of Dean Florez committee in a properly filed late contribution report, by the May 29, 1998 due date, in violation of section 84203.
- COUNT 7: Respondents International Brotherhood of Electrical Workers and Edwin Hill failed to file a semi-annual campaign statement for the reporting period May 17, 1998 through June 30, 1998, by the July 31, 1998 due date, in violation of section 84200, subdivision (a).
- COUNT 8: Respondents International Brotherhood of Electrical Workers and Edwin Hill failed to file a first pre-election campaign statement for the reporting period July 1 1998 through September 30, 1998, by the October 5, 1998 due date, in violation of section 84200.7, subdivision (b)(1).
- COUNT 9: Respondents International Brotherhood of Electrical Workers and Edwin Hill failed to file a second pre-election campaign statement for the reporting period October 1, 1998 through October 17, 1998, by the October 22, 1998 due date, in violation of section 84200.7, subdivision (b)(2).
- COUNT 10: Respondents International Brotherhood of Electrical Workers and Edwin Hill failed to disclose a \$5,000 late contribution to the Sally Havice for State Assembly committee in a properly filed late contribution report, by the October 22, 1998 due date, in violation of section 84203.

- COUNT 11: Respondents International Brotherhood of Electrical Workers and Edwin Hill failed to disclose a \$5,000 late contribution to the Jack Scott for State Assembly committee in a properly filed late contribution report, by the October 22, 1998 due date, in violation of section 84203.
- COUNT 12: Respondents International Brotherhood of Electrical Workers and Edwin Hill failed to disclose a \$2,500 late contribution to the Committee to Re-elect Assemblyman Scott Wildman in a properly filed late contribution report, by the October 22, 1998 due date, in violation of section 84203.
- COUNT 13: Respondents International Brotherhood of Electrical Workers and Edwin Hill failed to disclose a \$1,000 late contribution to the Nell Soto for State Assembly committee in a properly filed late contribution report, by the October 22, 1998 due date, in violation of section 84203.
- COUNT 14: Respondents International Brotherhood of Electrical Workers and Edwin Hill failed to disclose a \$1,000 late contribution to the Alarcon for State Senate committee in a properly filed late contribution report, by the October 22, 1998 due date, in violation of section 84203.
- COUNT 15: Respondents International Brotherhood of Electrical Workers and Edwin Hill failed to disclose a \$1,000 late contribution to the Ben Wong for State Assembly committee in a properly filed late contribution report, by the October 22, 1998 due date, in violation of section 84203.
- COUNT 16: Respondents International Brotherhood of Electrical Workers and Edwin Hill failed to disclose a \$1,000 late contribution to the Kuehl in '98 for State Assembly committee in a properly filed late contribution report, by the October 22, 1998 due date, in violation of section 84203.

- COUNT 17: Respondents International Brotherhood of Electrical Workers and Edwin Hill failed to disclose a \$1,000 late contribution to the Friends of Sarah Reyes – CA committee in a properly filed late contribution report, by the October 27, 1998 due date, in violation of section 84203.
- COUNT 18: Respondents International Brotherhood of Electrical Workers and Edwin Hill failed to disclose a \$1,000 late contribution to the Thomson for Assembly committee in a properly filed late contribution report, by the October 29, 1998 due date, in violation of section 84203.
- COUNT 19: Respondents International Brotherhood of Electrical Workers and Edwin Hill failed to disclose a \$5,000 late contribution to the Working Families for Ortiz committee in a properly filed late contribution report, by the October 29, 1998 due date, in violation of section 84203.
- COUNT 20: Respondents International Brotherhood of Electrical Workers and Edwin Hill failed to disclose a \$5,500 late contribution to the Bill Lockyer for Attorney General committee in a properly filed late contribution report, by the October 29, 1998 due date, in violation of section 84203.
- COUNT 21: Respondents International Brotherhood of Electrical Workers and Edwin Hill failed to disclose a \$5,000 late contribution to the Anthony Pescetti for Assembly 1998 committee in a properly filed late contribution report, by the October 29, 1998 due date, in violation of section 84203.
- COUNT 22: Respondents International Brotherhood of Electrical Workers and Edwin Hill failed to disclose a \$5,000 late contribution to the Parents & Neighbors Supporting Darryl Steinberg for Assembly committee in a properly filed late contribution report, by the October 29, 1998 due date, in violation of section 84203.
- COUNT 23: Respondents International Brotherhood of Electrical Workers and Edwin Hill failed to disclose a \$1,000 late contribution to the Wiggins for Assembly committee in a properly filed late contribution report, by the October 29, 1998 due date, in violation of section 84203.

- COUNT 24: Respondents International Brotherhood of Electrical Workers and Edwin Hill failed to disclose a \$2,000 late contribution to the Delaine Eastin Committee in a properly filed late contribution report, by the October 29, 1998 due date, in violation of section 84203.
- COUNT 25: Respondents International Brotherhood of Electrical Workers and Edwin Hill failed to disclose a \$5,500 late contribution to the Angelides for Treasurer '98 committee in a properly filed late contribution report, by the October 29, 1998 due date, in violation of section 84203.
- COUNT 26: Respondents International Brotherhood of Electrical Workers and Edwin Hill failed to disclose a \$2,000 late contribution to the Mark Desio for State Senate committee in a properly filed late contribution report, by the October 29, 1998 due date, in violation of section 84203.
- COUNT 27: Respondents International Brotherhood of Electrical Workers and Edwin Hill failed to disclose a \$1,000 late contribution to the Taxpayers for Dave Cox-Assembly '98 committee in a properly filed late contribution report, by the October 29, 1998 due date, in violation of section 84203.
- COUNT 28: Respondents International Brotherhood of Electrical Workers and Edwin Hill failed to disclose a \$2,000 late contribution to the Bustamante for Lt. Governor committee in a properly filed late contribution report, by the October 29, 1998 due date, in violation of section 84203.
- COUNT 29: Respondents International Brotherhood of Electrical Workers and Edwin Hill failed to disclose a \$1,500 late contribution to the Friends of Sarah Reyes committee in a properly filed late contribution report, by the October 29, 1998 due date, in violation of section 84203.
- COUNT 30: Respondents International Brotherhood of Electrical Workers and Edwin Hill failed to file a first pre-election campaign statement for the reporting period July 1, 1999 through September 30, 1999, by the October 12, 1999 due date, in violation of section 84200.8, subdivision (a).

COUNT 31: Respondents International Brotherhood of Electrical Workers and Edwin Hill failed to disclose a \$2,500 late contribution made to Nell Soto for State Senate, in a properly filed late contribution report, by the December 29, 1999 due date, in violation of section 84203.

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that contributions and expenditures in election campaigns are fully and truthfully disclosed, so that voters may be fully informed, and improper practices may be inhibited. The Act therefore establishes a campaign reporting system designed to accomplish this purpose of disclosure.

Duty to File Periodic Campaign Statements

One feature of this system is section 84200, subdivision (a), which requires a recipient committee, as defined in section 82013, subdivision (a), to file semi-annual campaign statements each year no later than July 31 for the period ending June 30, and no later than January 31 for the period ending December 31. In addition, section 84200.5, subdivision (e) requires a recipient committee that is a state general purpose committee, as defined in section 82027.5, subdivision (b), to file two pre-election campaign statements before an election in which the committee has contributed \$500 or more.

For elections held in June or November of an even-numbered year, section 84200.7, subdivision (a)(2) provides that the second pre-election statement, for the period ending 17 days before the election, must be filed no later than 12 days before the election. For elections held in November of an even-numbered year, section 84200.7, subdivision (b) provides that the first pre-election statement, for the period ending September 30, must be filed no later than October 5, and the second pre-election statement for the period ending 17 days before the election must be filed no later than 12 days before the election.

For elections not held in June or November of an even-numbered year, section 84200.8, subdivision (a) provides that the first pre-election statement, for the reporting period ending 45 days before the election, must be filed no later than 40 days before the election. Section 84200.8, subdivision (b) provides that the second pre-election statement, for the reporting period ending 17 days before the election, must be filed no later than 12 days before the election.

Duty to File Late Contribution Reports

Another feature of this system is section 84203, subdivision (a), which requires a recipient committee that makes late contributions to disclose the late contributions that they make in late contribution reports.

Section 82036 defines a "late contribution" as a contribution aggregating \$1,000 or more that is made before an election, but after the closing date of the last campaign statement. Under

section 84200.7, subdivisions (a) and (b), the closing date of the last campaign statement required to be filed for an election held in June or November of an even-numbered year is 17 days before the election. Under section 84200.8, subdivision (b), the closing date of the last campaign statement required to be filed for an election not held in June or November of an even-numbered year is 17 days before the election.

Under section 84203, subdivision (a), a committee making a late contribution must file a late contribution report disclosing the late contribution within 24 hours of making the late contribution.

Treasurer Liability

Under sections 81004, subdivision (b) and 84100, and regulation 18427, subdivision (a), it is the duty of a committee's treasurer to ensure that the committee complies with all of the requirements of the Act concerning the receipt and expenditure of funds, and the reporting of such funds. A committee's treasurer may be held jointly and severally liable, along with the committee, for any reporting violations committed by the committee. (Sections 83116.5 and 91006.)

SUMMARY OF THE FACTS

The FTB conducted an audit of the finances of Respondent Committee during the periods January 1, 1997 through December 31, 1998 and January 1, 1999 through December 31, 2000. According to those audits, Respondents received contributions totaling \$570,750, and made expenditures totaling \$450,750 during the period January 1, 1997 through December 31, 1999, and Respondents received contributions totaling \$183,349, and made expenditures totaling \$557,120 during the period January 1, 1999 through December 31, 2000. The FTB audits also revealed that Respondents had not filed numerous required campaign statements and late contribution reports, as set forth in the counts below.

COUNT 1

The second pre-election reporting period preceding the June 2, 1998 primary election was from March 18, 1998 through May 16, 1998. During this reporting period, Respondents made contributions in support of candidates in the June primary election, in the total amount of Twenty-nine Thousand Two Hundred Fifty Dollars (\$29,250).

Respondents were therefore required by section 84200.7, subdivision (a)(2) to file a second pre-election campaign statement by May 21, 1998, disclosing the activities of Respondent Committee during the second pre-election reporting period, but failed to do so. By failing to file a second pre-election campaign statement by the May 21, 1998 due date, Respondents committed a violation of section 84200.7, subdivision (a)(2).

COUNTS 2-6

Following the end of the second pre-election reporting period, but before the June 2, 1998 primary election, Respondents made five contributions of \$1,000 or more to candidates running in the primary election. As these contributions were made during the last 16 days before the election, they were “late contributions” that under section 84203 were required to be reported in properly filed late contribution reports, within 24 hours of the contributions being made. A chart describing each of the contributions, the date they should have been disclosed, and the counts to which they correspond, is set forth below.

Count	Contribution Date	Date LCR Due	Recipient	Amount of Contribution
2	05/19/98	05/20/98	Gray Davis for Governor	\$ 10,000
3	05/27/98	05/28/98	Assembly Victory Fund ‘98 ²	5,000
4	05/27/98	05/28/98	Delaine Eastin Committee	1,000
5	05/27/98	05/28/98	Californians for Gray Davis	1,000
6	05/28/98	05/29/98	Friends of Dean Florez	3,000
TOTAL:				\$ 20,000

By failing to disclose five late contributions in properly filed late contribution reports within 24 hours of the contributions being made, Respondents committed five violations of section 84203.

COUNT 7

Following the June 2, 1998 primary election, Respondents were then required to file a semi-annual campaign statement disclosing the activities of Respondent Committee between the closing date of the last pre-election statement they were required to file and the end of the semi-annual reporting period. The period covered by the semi-annual statement was therefore May 17 through June 30, 1998. During this reporting period, Respondents made contributions totaling \$52,250. Respondents were obligated by section 84200, subdivision (a) to file the semi-annual statement by July 31, 1998. Respondents failed to do so. By failing to file a semi-annual campaign statement by the July 31, 1998 due date, Respondents committed a violation of section 84200, subdivision (a).

COUNT 8

The first pre-election reporting period preceding the November 3, 1998 general election was July 1, 1998 through September 30, 1998. During this reporting period, Respondents made contributions in support of candidates running in the November general election, in the total amount of One Hundred Forty-eight Thousand Two Hundred Dollars (\$148,200).

Respondents were therefore required by section 84200.7, subdivision (b)(1) to file a first pre-election campaign statement by October 5, 1998, disclosing the activities of Respondent

² Committee controlled by Antonio R. Villaraigosa.

Committee during the first pre-election reporting period, but failed to do so. By failing to file a first pre-election campaign statement by the October 5, 1998 due date, Respondents committed a violation of section 84200.7, subdivision (b)(1).

COUNT 9

The second pre-election reporting period preceding the November 3, 1998 general election was October 1, 1998 through October 17, 1998. During this reporting period, Respondents made contributions in support of candidates running in the general election, totaling Three Hundred Eighteen Thousand Six Hundred Dollars (\$318,600).

Respondents were therefore required by section 84200.7, subdivision (b)(2) to file a second pre-election campaign statement by October 22, 1998, disclosing the activities of Respondent Committee during the second pre-election reporting period, but failed to do so. By failing to file a second pre-election campaign statement by the October 22, 1998 due date, Respondents committed a violation of section 84200.7, subdivision (b)(2).

COUNTS 10-29

Following the end of the second pre-election reporting period, but before the November 3, 1998 general election, Respondents made 20 contributions of \$1,000 or more to candidates running in the general election. As these contributions were made during the last 16 days before the election, they were “late contributions” that under section 84203 were required to be reported in properly filed late contribution reports, within 24 hours of the contributions being made. A chart describing each of the contributions, the date they should have been disclosed, and the counts to which they correspond, is set forth below.

Count	Contribution Date	Date LCR Due	Recipient	Amount of Contribution
10	10/21/98	10/22/98	Sally Havice for State Assembly	\$ 5 ,000
11	10/21/98	10/22/98	Jack Scott for State Assembly	5,000
12	10/21/98	10/22/98	Committee to Re-elect Assemblyman Scott Wildman	2,500
13	10/21/98	10/22/98	Nell Soto for State Assembly	1,000
14	10/21/98	10/22/98	Alarcon for State Senate	1,000
15	10/21/98	10/22/98	Ben Wong for State Assembly	1,000
16	10/21/98	10/22/98	Kuehl in '98 for State Assembly	1,000
17	10/26/98	10/27/98	Friends of Sarah Reyes – CA	1,000
18	10/28/98	10/29/98	Thomson for Assembly	1,000
19	10/28/98	10/29/98	Working Families for Ortiz	5,000
20	10/28/98 (10/21/98)	10/29/98	Bill Lockyer for Attorney General	5,000 (plus \$500)
21	10/28/98	10/29/98	Anthony Pescetti for Assembly 1998	5,000

22	10/28/98	10/29/98	Parents & Neighbors Supporting Darryl Steinberg for Assembly	5,000
23	10/28/98	10/29/98	Wiggins for Assembly	1,000
24	10/28/98 (10/21/98)	10/29/98	Delaine Eastin Committee	1,500 (plus \$500)
24	10/28/98 (10/21/98)	10/29/98	Angelides for Treasurer '98	5,000 (plus \$500)
26	10/28/98	10/29/98	Mark Desio for State Senate	2,000
27	10/28/98	10/29/98	Taxpayers for Dave Cox-Assembly '98	1,000
28	10/28/98	10/29/98	Bustamante for Lt. Governor	2,000
29	10/28/98	10/29/98	Friends of Sarah Reyes	1,500
TOTAL:				\$ 54,000

By failing to disclose twenty (20) late contributions in properly filed late contribution reports within 24 hours of the contributions being made, Respondents committed twenty (20) violations of section 84203.

COUNT 30

The first pre-election reporting period preceding the March 2000 primary election ended September 30, 1999. During this reporting period, Respondents made contributions in the total amount of Seventy-eight Thousand Seven Hundred Forty-nine Dollars (\$78,749).

Respondents were therefore required by section 84200.8, subdivision (a) to file a first pre-election campaign statement by October 12, 1999, disclosing the activities of Respondent Committee during the first pre-election reporting period, but failed to do so. By failing to file a first pre-election campaign statement by the October 12, 1999 due date, Respondents committed a violation of section 84200.8, subdivision (a).

COUNT 31

Following the end of the second pre-election reporting period, but before the January 11, 2000 special election, Respondents made a \$2,500 contribution to Nell Soto for State Senate on December 28, 1999. As this contribution was made during the last 16 days before the election, it was a "late contribution" that under section 84203 was required to be reported in a properly filed late contribution report, within 24 hours of the contribution being made.

By failing to disclose the late contribution in a properly filed late contribution report within 24 hours of the contribution being made, Respondents committed a violation of section 84203.

ADDITIONAL INFORMATION

Respondent IBEW has a history of Political Reform Act violations. In August 1995, Respondent IBEW was sent a warning letter by the Enforcement Division for failing to file three pre-election campaign statements during the audit period January 1, 1991 through December 31, 1992. (FPPC No. 95/295.) After receipt of that warning letter, Respondent IBEW then failed to file the next four required pre-election statements. In August 1997, the Enforcement Division sent Respondent IBEW a second warning letter for failing to file two pre-election statements and a late contribution report during the audit period January 1, 1993 through December 31, 1994. (FPPC No. 97/255.) The violations which comprise the basis for this current action were committed after issuance of this second warning letter.

In June 2000, the Commission imposed an administrative penalty of \$10,000 on Respondent IBEW for failing to file four pre-election statements and three late contribution reports during the audit period January 1, 1995 through December 31, 1996. (FPPC No. 99/347.) Subsequent to that action, Respondents IBEW and Hill took corrective action in the form of acquiring sufficient staff and obtaining appropriate computer software to enable them to comply with all aspects of the Act. In the year 2000, the last year of the audit periods covered in this action, Respondents filed ten reports in the State of California, including four late contribution reports. All of these reports were filed properly and on time.

CONCLUSION

This matter involves thirty-one (31) violations of the Act, which carry a maximum possible administrative penalty of Two Thousand Dollars (\$2,000) per count, for a total administrative penalty of Sixty-two Thousand Dollars (\$62,000).

Based on previous stipulations approved by the Commission, the stipulated administrative penalty for the non-filing or untimely filing of a pre-election or semi-annual campaign statement ranges from \$1,000 to \$2,000 per statement, depending upon the type of statement and the amount of the non-disclosure. The stipulated administrative penalty for the non-filing of late contribution reports is generally 15 percent of the amount of the undisclosed contribution.

Counts 1 through 29 in this action occurred during the first audit period. Although a warning letter had already been received by Respondent IBEW for similar violations, the practices implemented in response to that warning letter were not yet in effect. The second audit conducted by the FTB in this matter revealed the violations described in Counts 30 and 31. However, through further investigation by the Enforcement Division, it was discovered that no violations occurred in the year 2000, the last year for which Respondent IBEW was audited. In light of the corrective measures Respondent IBEW and its treasurer have undertaken and implemented, the typical penalty of \$1,500 for each of the violations stated in Counts 1, 8, 9, and 30 is justified. For the same reason, the standard penalty of 15 percent of the amount of the undisclosed contributions is appropriate for the late contribution counts. The total amount of the undisclosed contributions stated in Counts 2-6, 10-29, and 31 is \$76,500, and 15 percent of that amount is Eleven Thousand Four Hundred Seventy-five Dollars (\$11,475).

Respondents have no history of failing to file required semi-annual campaign statements. Therefore, a penalty of \$1,000 for Count 7 is appropriate.

The facts of this case, including the aggravating and mitigating factors discussed above, therefore justify imposition of the agreed upon penalty of Eighteen Thousand Four Hundred Seventy-five dollars (\$18,475).